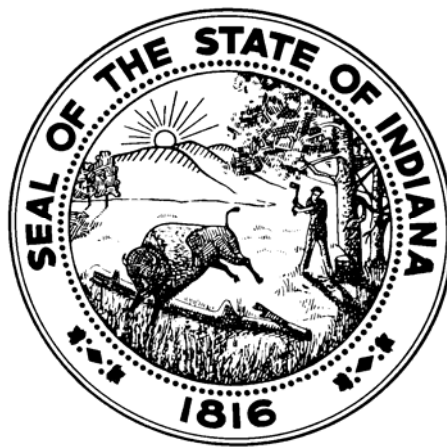


**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2765**

REVIEW REPORT  
OF  
SOLDIERS' AND SAILORS' CHILDREN'S HOME  
June 1, 2001 to March 31, 2005





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#### AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner, Indiana Department of Health	Gregory Wilson, MD	02-12-01 to 01-25-05
	Vacant	01-26-05 to 03-06-05
	Judith Monroe, MD	03-07-05 to 01-11-09
Superintendent	Mr. Jeffery Wilkinson	12-01-99 to 11-01-01
	Vacant	11-02-01 to 11-18-01
	Mr. Paul Wilkinson	11-19-01 to 06-30-05



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME

We have reviewed the receipts, disbursements, and assets of the Soldiers' and Sailors' Children's Home for the period of June 1, 2001, to March 31, 2005. The Soldiers' and Sailors' Children's Home's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Soldiers' and Sailors' Children's Home are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

April 21, 2005

INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME  
REVIEW COMMENTS  
MARCH 31, 2005

ATTENDANCE REPORTS

We observed that employee attendance reports were frequently signed and dated by the employee and approved by the supervisor prior to the last day worked.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

FIXED ASSET INVENTORY

As stated in our prior report (B16945), the fixed asset inventory of the Soldiers' and Sailors' Children's Home is not complete as to additions and assets have not been consistently tagged upon receipt.

Each state agency is required to report to the Auditor of State all additions and retirements of assets with a cost of \$20,000 or more. Assets costing more than \$500 but less than \$20,000 must be maintained on an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

Assets at the minimum level of \$500 must be tagged. Assets should be tagged upon receipt. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

COMPUTER OPERATIONS DOCUMENTATION

The Indiana Soldiers' and Sailors' Children Home (ISSCH) maintains a Local Area Network on which many accounting functions are maintained. ISSCH does not maintain written instructions on the operation of these accounting functions.

Written documentation must be maintained which provides the instructions to operate the computer hardware, operating system software and application programs. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 16)

UNCLAIMED PROPERTY

As stated in our prior reports (B11903 and B16945), the Soldiers' and Sailors' Children's Home Trust Fund account has several checks which have been outstanding for over one year.

Indiana Code 32-34-1-20 (c)(7) provides that property becomes abandoned if held by the State or other government, governmental subdivision or agency, or public corporation or other public authority one (1) year after the property becomes distributable.

Indiana Codes 32-34-1-26 and 27 require a holder of property presumed abandoned and subject to custody as unclaimed property to report in writing and pay or deliver the property to the Attorney General.

INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME  
REVIEW COMMENTS  
MARCH 31, 2005  
(Continued)

DAILY DEPOSITS

The Soldiers' and Sailors' Children's Home did not consistently deposit receipts for the Trust Fund within the following business day.

Indiana Code 5-13-6-1(b) states in part: "... all public funds ... shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds."

MONTHLY FINANCIAL STATEMENTS

The Soldiers' and Sailors' Children's Home's monthly financial statement for the Recreation Fund was incomplete. We noted that the second page which shows the detail of the receipts, disbursements and investments was not included.

Institutions must use the official approved form applicable to their state agency. Changes may not be made to the approved form without approval of the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

OUTSTANDING CHECKS

As stated in our prior report (B16945), the Soldiers' and Sailors' Children's Home Recreation Fund account has several checks which have been outstanding for over two years.

Indiana Code 4-10-10-1 provides that all checks authorized by law to be issued from funds in custody of any state agency which have been outstanding and unpaid for a period of two or more years as the last day of December of each year shall be declared canceled.

It is our audit position that once declared canceled these checks shall be entered as a receipt into the fund or account from which they were originally drawn and be removed from the record of outstanding checks.

DISBURSEMENT DOCUMENTATION

The Soldiers' and Sailors' Children's Home does not maintain proper documentation for Recreation Fund disbursements. A vendor's invoice was not included in the documentation for many disbursements, particularly field trips and birthday gifts.

Each Recreation Fund disbursement should be documented with the purpose for the disbursement, person and department requesting the purchase, date requested, date paid, amount of payment, check number, written approval of the superintendent or designee, vendor invoice, and verification that the goods were received. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 13)

INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME  
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2005, with Paul Wilkinson, Superintendent. The official response has been made a part of this report and may be found on page 7 through 10.





## INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME

*"ISSCH...SERVING the YOUTH OF TODAY — BUILDING the COMMUNITIES OF TOMORROW"*  
**OFFICIAL RESPONSE**

May 24, 2005

State Board of Accounts  
302 W. Washington St., Room 418 E  
Indianapolis, IN 46204-2738

To Whom It May Concern:

In response to our recent audit and concluding exit interview conducted on May 23, 2005, I am submitting this letter of response to those findings. We concur with the findings of the audit and will take the noted steps to assure compliance both now and in the future.

### Attendance Reports

We will attempt to more closely monitor attendance records to assure that they are not signed, dated or approved by either the employee or the supervisor, prior to the last day worked in the pay period. A copy of a memo to payroll personnel has been included with this report.

### Fixed Asset Inventory

Measures will be put in place and personnel trained, in an attempt to more closely monitor the receipt of fixed asset items and see that they are tagged upon receipt. We will also review our fixed asset report and make corrections accordingly. See attached memo to staff.

### Trust Fund – Unclaimed Property

An apparent misunderstanding of Indiana Code 32-34-1-26 resulted in outstanding checks being held more than one year. Our agency will immediately correct this and the unclaimed property will be sent to the Office of the Attorney General.

### Trust Fund – Daily Deposits

Employees responsible for these deposits have been instructed that receipts for this account should be deposited no later the business day following the receipt of the funds, as instructed in Indiana Code 5-13-6-1(b).

## OFFICIAL RESPONSE

Page 2

### Recreation Fund – Monthly Financial Statement

The monthly financial statement for the Recreation Fund has been corrected and the second page showing the detail of the receipts, disbursements and investments in now being included in the report.

### Recreation Fund – Outstanding Checks

The procedure for handling checks which have been outstanding for more than two years, has been explained to us. These checks will be removed from the list of outstanding checks, and the amounts will be added back to the fund as a receipt.

### Recreation Fund – Disbursement Documentation

It has always been the policy of ISSCH to request receipts or invoices for expenditures from this fund. It is our intent to comply with the guidelines set by the state and we will once again remind employees of the necessity to turn in receipts for funds they spend.



Paul E. Wilkinson  
Superintendent



## INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME

*"ISSCH... SERVING the YOUTH OF TODAY — BUILDING the COMMUNITIES OF TOMORROW"*

June 1, 2005

To: All Employees

From: Paul E. Wilkinson, Superintendent *PEW*

Re: Fixed Assets

An audit of our agency was recently conducted by the Indiana State Board of Accounts. As a result of this audit, it was recommended that we attempt to improve our tracking process for fixed assets.

Fixed assets are described as any equipment purchased or donated to our agency, such as computers, machinery, tools, furniture, equipment, vehicles, musical instruments, etc., which cost \$500 or more. In some instances you may want to track assets which cost less than \$500.

Greg Wardlow and one of our college interns are in the process of reviewing our fixed asset inventory. I request that all staff cooperate with these individuals in an effort to comply with the guidelines set by the state. Any items in your area which you believe cost more than \$500 should have affixed to it, a bar coded asset tag. Items without an asset tag should be reported to Mr. Wardlow for follow up.

In the future, whenever your department receives an item which cost more than \$500 or which you wish to track via fixed asset, the item should be reported to Mr. Wardlow to assure an asset tag number is assigned.

Also, it is important when a fixed asset item is relocated, Mr. Wardlow should be notified of the new location so that records can be changed.



## INDIANA SOLDIERS' AND SAILORS' CHILDREN'S HOME

*"ISSCH...SERVING the YOUTH OF TODAY — BUILDING the COMMUNITIES OF TOMORROW"*

May 24, 2005

To: Business Office Staff

From: Linda Jordon, Supervisor

A handwritten signature in cursive script, reading "Linda M. Jordon".

As a result of our recent audit by the Indiana State Board of Accounts, we must attempt to adhere to the following procedures when working with Employee Attendance Reports.

1. Employee Attendance Reports should not be signed, dated or approved prior to the last day worked in a pay period.
2. It is important that employees and supervisors date their signatures.
3. If an attendance report is signed after the pay period, the date it is being signed is the date that should be used.

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